PL-480 TITLE I: A DISCUSSION OF IMPACT EVALUATION RESULTS AND RECOMMENDATIONS

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EXECUTIVE SUMMARY

This report summarizes results of an evaluation of the development impact of PL-480 Title I assistance, comprising field evaluations of the program in Sri Lanka, Egypt, Peru, Jamaica, and Bangladesh; a background paper on Title I-type food aid; and a 4-day conference attended by representatives of the agencies administering the program, Agency for International Development (AID) Mission staff, recipient country nations, and members of the academic community.

The following recommendations emerged from group discussions based on the evaluation material and the varied experience of participants. A range of opinions and attitudes was expressed; thus, general agreement among participants was not necessarily the same as a unanimous consensus.

General evaluation of PL-480 Title I is difficult because each country program is unique and effects depend on the relative and absolute size of the program, the administrative arrangements, and the institutional context of the recipient country. It was believed that the possible agricultural disincentive effects of food aid are often a function of recipient country policies, although food aid may make it easier for countries to maintain such policies. The question of disincentives was not specifically addressed in all the evaluations, and the evidence was mixed. In Egypt, there appeared to be a disincentive because of the large size of the program.

Influence of the Title I program on policy in recipient countries was varied. Where the program was small and funded on a year-to-year basis, it tended to have limited leverage. In Bangladesh, major policy reforms took place under the influence of a large multilateral aid program including a multiyear PL 480 Title III agreement. Policy reforms in Sri Lanka were believed to be the result of the Government's own impetus rather than outside influence. The large size of the Egyptian program resulted in limited leverage because of the political aspects of aid to that country.

Conflicting objectives of PL-480 were noted. For example, aid given for strategic or political reasons cannot also be used for purposes of policy leverage. The objective of providing balance of payments support is inconsistent with requirements that food aid be additional to commercial imports and that it not serve as a disincentive to agriculture. It was generally believed that PL-480 has provided balance of payments support in a number of cases and has maintained domestic stability during economic or political crises, for example, in Peru, Jamaica, Egypt, and Sri Lanka. Food aid also has served as an indicator of U.S. political support and has been used to maintain relations when diplomatic contacts were severed.

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SUMMARY

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There was general agreement that more use should be made of multiyear programming, which would maximize policy leverage and improve food security. Some concern was expressed that administrative requirements of Title III may be prohibitive for some countries, but it was pointed out that multiyear agreements also are possible under Title I. Further, experience with Title III in Bangladesh has been quite positive, indicating its potential usefulness in extremely poor countries.

Self-help agreements were believed in many cases to be too vague and general to be useful. It was suggested that such agreements be made more measurable and specific and that performance be more closely monitored. It was believed that the Usual Marketing Requirement (UMR) might penalize poor countries, and the suggestion was made that the UMR be modified or eliminated for countries below the International Development Association (IDA) poverty line. Another suggestion was that recipient countries be given a greater voice in deciding what commodities would be programmed under PL-480.

It was believed that food aid should be coordinated more with other aid by involving AID staff in program design, by incorporating Title I into the Country Development Strategy Statement, and by including Title I accomplishments in the Mission Director's performance evaluation. Coordination with other donors also was recommended.

It was argued that food aid should be programmed by volume, not by value, to avoid the procyclical nature of the program. This refers to the situation in which scarce supplies in the world market drive up prices and reduce the quantity of food available under PL-480.

It was recognized that the multiagency administration of the program is a source of inefficiency, but that the program's multiple constituencies also are a source of political strength in the United States. It was concluded that attempts should be made to maximize development impacts while recognizing the need to compromise with other objectives.

Since the end of the conference, AID has developed new guidelines for the design of self-help measures and a strategy for designing multiyear Title I programs, drafted new guidelines on dealing with disincentive effects, and initiated a study of donor coordination. Other modifications to increase the program's responsiveness to famine and emergency situations also are under consideration.

1. PURPOSE AND ORGANIZATION OF THE CONFERENCE

In April 1983, a 4-day conference was convened by the Office of Evaluation of the U.S. Agency for International Development (AID) to consider the impacts of and programming opportunities presented by PL-480 Title I food assistance. The conference was the culmination of a 2-year effort to review and draw lessons from the 30-year experience with Title I in light of changing economic conditions in the United States and abroad and changing theories about how to promote effective economic development.

More than 200 people attended the conference, including representatives of most of the Federal agencies involved in the program: the Agency for International Development, the Department of State, the Department of Agriculture (USDA), and the Office of Management and Budget. Congressional staff and special interest groups also were represented. Developing country experience was presented by AID Mission staff and by representatives of more than a dozen recipient countries. Officials of other donor agencies and scholars from the academic research community were among other invited participants.

Background materials for the conference included the five country-specific studies on Peru, Jamaica, Egypt, Sri Lanka, and Bangladesh evaluating the effects of Title I assistance; a paper summarizing these studies; and a review paper on food aid and development by Edward J. Clay and Hans W. Singer (see Bibliography for complete references). These materials, together with the considerable knowledge and experience of the participants, constituted the basis for the discussions.

It was noted that U.S. food aid programs under PL-480 represent an amount equal to about 80 percent of other U.S. development assistance, and about 70 percent of this is programmed under Titles I and III. The emphasis of the PL-480 program has shifted since its inception in 1954 from a focus on agricultural surplus disposal and commercial market development to a broader concern for the alleviation of hunger and the promotion of economic development. In 1975, new emphasis was placed on targeting the neediest countries for assistance by means of an amendment to PL-480 (modified in 1977) requiring that 75 percent of Title I commodities go to countries falling under the International Development Association (IDA)-defined poverty level. A more sophisticated concern for economic development is reflected in other recent provisions. One such provision is that recipient countries must provide assurance that Title I commodities will not create a disincentive to local agricultural production and marketing (the "Bellmon Determination"). Another is that these countries use the local currency sales proceeds of Title I to undertake specific, measurable self-help measures, additional to existing government efforts, to develop their own agricultural and economic potential (the Gilman-Solarz amendment).

Evaluation of Title I has focused attention on the conflicting objectives and the often cumbersome multiagency administration of the program. The five country-specific studies were intended to evaluate the impact of Title I on the agriculture sector, including food production and distribution, on dietary patterns and nutritional status, on macroeconomic conditions, and on government policy. Each evaluation included a review of program administration and recommendations for improvement. The purpose of the conference was to draw conclusions about the nature and magnitude of Title I program impacts, to analyze the ways in which these impacts were achieved, and to suggest ways to improve the programming of Title I commodities.

The conference was organized around four issues:

-- The Impact of PL-480 Title I: Lessons From AID and Other Experience and Implications for Programming in the Eighties

-- How To Improve Title I Programming at the Country Level

-- How Title I Can Contribute to Other Policy Objectives

-- How to Improve Title I Programming From the Interagency Perspective

2. IMPACT OF PL-480 TITLE I PROGRAMMING

The objectives of the PL-480 program, as set forth in the legislation, are to expand exports of U.S. agricultural commodities, to combat hunger and malnutrition, to encourage eco-nomic development in developing countries, and to promote the foreign policy interests of the United States. The particular emphasis accorded each objective has varied over the life of the program.

2.1 Conflicting Objectives

One of the few generalizations to emerge from the conference was the recognition that not all these objectives can be served at one time and that they are often in conflict. For example, providing food aid as an indicator of U.S. political support for friendly countries or in return for rights to military bases may reduce the leverage that the program would have if the amount of aid could be varied to encourage development-oriented policies or programs. Furthermore, politically important countries often are not those most in need of development assistance. In the long run, host country agricultural development may raise incomes and create an increased market for U.S. (and other) exports. However, many participants noted that, in the short run, promoting agricultural self-sufficiency runs counter to the objective of increasing the market for U.S. agricultural products. Representatives of USDA in particular cited this concern.

Ensuring that Title I food is additional to imports and domestic production may serve nutrition objectives by increasing total food supply, but it prevents the aid from acting as a balance of payments support by reducing the foreign exchange drain of imported food. Additionality also increases the likelihood that the food may have a disincentive effect on local agricultural production, because of the reduction in local food prices resulting from increased supplies. There is also a conflict between the short-term application of Title I food aid for emergency, political, or budgetary support purposes and the long-term use of Title I in multiyear agreements designed to promote food security.

In terms of specific impacts in individual countries, it was clear that few generalizations could be made. Each country is quite different, and the size of its PL-480 Title I program varies widely both in absolute terms and relative to other aid and to domestic food consumption. Each program has a unique history that also has resulted in a somewhat different adminis-trative program structure. It is hardly surprising, then, that few general conclusions were reached about program impact. This is an argument for continued case-by-case evaluation efforts.

2.2 Agricultural Disincentives

A major issue in the evaluation of food aid impacts is whether concessional imports of PL-480 Title I food have had a disincentive effect on domestic agriculture. If the availability of low-cost, imported food drives down the prices that local farmers receive for their produce, short- and long-run efforts to increase production may be discouraged. Concessional imports can function in the opposite way, making it possible for governments to support the cost of consumer-oriented food distribution while raising price guarantees for producers, as was the case in Pakistan during the 1970s. Such uses of food aid to permit both consumer and producer subsidies are rare, however.

Self-help agreements are specifically intended to promote programs of agricultural development. Nonetheless, agricultural production disincentives are a possible outcome of the Title I program. The measurement of disincentive effects in a world of changing prices, incomes, and technologies is a complex matter that the evaluations were not designed to undertake. Disincentives may affect secondary crops, not only the primary grain staple for which food aid might substitute. For example, the Sri Lanka study found that Title I imports apparently did not discourage rice production, but may indeed have reduced the production of pulses, an important dietary supplement.

Several of the studies (with the exception of Bangladesh) found that a disincentive effect on the production of particular crops was seen in some years and under some circumstances. In Sri Lanka, subsidized distribution of wheat may have reduced production of some of the coarse grains, because demand for these was shifted to the cheaper wheat. In Peru, the study concluded that a disincentive effect was possible in the year that rice was imported under Title I, but that the Government's cheap food policy was of greater overall significance.

It was suggested by several conference participants that the disincentive effects of food aid, to the extent they exist, come from permitting governments to persist in policies which disfavor agriculture. In Jamaica and Sri Lanka, for example, the studies concluded that food aid substituted for commercial imports that the Governments would have made if aid had not been available, because of their commitment to low consumer food prices. Therefore, no disincentive effect was attributed to the Title I program.

Another example was Egypt, where Title I permitted the Government to maintain a high level of imports and a low domestic procurement price to support a heavy subsidy on wheat. The disincentive effect is indicated by the fact that, during the years when food aid was halted for political reasons, total food imports fell; the domestic farm price was permitted to rise, and there was a significant production response. When food aid was restored in 1974, producer prices were allowed to be eroded by inflation, while total imports rose again and domestic food grain production leveled off. The determining factor here was probably the magnitude of the program. In 1978-1981, 75 percent of Egypt's wheat was imported; more than half of this was foreign aid, of which the United States supplied about 90 percent. It should be noted, however, that the cause of the disincentive was the Government's commitment to import sufficient quantities of wheat to meet domestic demand at a very low price. Food aid per se was not the direct cause.

Food aid may make it possible for governments to maintain policies that reduce agricultural production incentives. But such policies should not be condemned out of hand, without considering their possible benefits. The low price of wheat in Egypt, for example, is credited with that country's very low prevalence of protein-energy malnutrition. Similarly, the Sri Lankan subsidized rice and wheat distribution system, made possible in part by the availability of food aid, provided significant nutritional and health benefits to the population. Agricultural production is an important part, but not the only factor in economic development. Any alteration of food aid programs to eliminate possible agricultural disincentive effects of government policies must consider other consequences of such policies as well.

The potential of food aid to affect local agricultural production by influencing government policies in a positive direction is demonstrated by the case of Bangladesh, where concessional sales were used as an incentive to promote a policy of high guaranteed producer prices to encourage the adoption of the technology involved in the use of high-yielding varieties of rice. The Bangladesh study holds that improved Government policies have resulted in substantially increased food production as well as improved marketing and distribution systems. It is important to note that the operative factor here was the shift away from Title I, with its year-to-year allotment, to Title III, which is a multiyear agreement. The implicit food security of Title III provided the incentive and the confidence needed for a major policy reform. The program is also quite large, currently providing 44 percent of all food aid, and has involved coordination with other donors to encourage a consistent set of policies. The large size and the long-term nature of the program were critical factors in its effectiveness.

In addition to the relative size of the program, timing of food deliveries was cited as another determinant of disincentive effects. Clearly, food that arrives (and is placed on the market) at harvest time will have a greater negative effect on prices than food that arrives when local prices are high.

The five cases demonstrate the difficulty of generalizing about disincentive effects of food aid. More must be known about individual programs: their magnitude, whether or not they substitute for commercial imports, and, most important, the agricultural policies of the recipient countries.

A general conclusion of the conference participants was that disincentive effects have probably received too much attention in the literature on food aid. Most of the evaluations made it clear that government price and subsidy policies were the deciding influence on the agriculture sector, and in many cases it was concluded that these policies were independent of food aid. In fact, one of the keynote speakers at the conference made the claim that the disincentive effects of food aid are negligible suggesting that food aid either substituted fully for commercial imports or promoted recipient country policies that negated disincentive effects. This is a controversial statement. The results of the evaluations are more mixed and demonstrate that while production disincentives are not a necessary result of the program in all cases, they should indeed be a concern of those administering the PL-480 Title I program.

2.3 Food-Self-Reliance

One of the perennial criticisms of the PL-480 Title I program is that the guaranteed availability of subsidized American agricultural commodities dampens -- if not destroys altogether -- host country incentive to move toward greater food self-reliance. One participant reported that in Jamaica, for example, the increased availability of cheap imported food has led to a decline in local food production, although the situation is obviously complex. Similar complaints were raised about Pakistan, where the availability of Title I vegetable oil supplies has permitted the Government to maintain a domestic price structure that fails to promote domestic oil-seed production. Self-help provisions in the current program are attempting to deal with this issue. On the other hand, the availability of Title III food aid in Bangladesh has helped to improve food self-reliance through the creation of food security reserves.

2.4 Policy Reform and Structural Adjustment

An issue discussed at the conference was the difficulty of linking policy changes with the PL-480 program, given that countries are subject to other pressures as well. In Bangladesh, for example, the influence of the World Bank, the International Monetary Fund, and other donors must be acknowledged. Donor coordination in promoting a consistent set of policies is partially responsible for the program's success.

The difficulty was cited of encouraging long-term policy changes in the context of the year-by-year commitment of Title I food. This was an argument for finding ways to establish multi-year programming of the resource. The leverage of the PL 480 program also has been reduced in the past 20 years by the entry of other food aid donors onto the international scene. Whereas the United States provided more than 90 percent of all food aid in the 1950s, it currently supplies only about half. Thus, while the United States is still a major actor, recipient countries know they can turn to other sources for free or concessional food.

Given these limitations, the degree to which the PL-480 Title I program can promote policy reform and structural change was a concern of the conference. The Bangladesh country study suggests that major structural adjustments have been made since 1975, attributable to U.S. food aid in combination with other factors. In the other studies, food aid was found to have contributed to balance of payments support (by substituting for commercial imports), but not to policy reform.

In Sri Lanka, leverage to promote policy reform was considered unnecessary, because since 1977 the Government has aggressively pursued producer-oriented price policies and a liberalization of international trade, with a consequent increase in domestic rice production and in the overall rate of economic growth. Food aid may have contributed to these policies through its budget-support role, but not through direct influence. In Jamaica, policy reform was an explicit goal of the Title I program (as well as aid from other donors), but the Government was politically unable to carry out the necessary changes.

The point was made that in several cases balance of payments support contributed to domestic political stability during periods of economic crisis. This was the case in Jamaica in the late 1970s, in Egypt in the same period, and in Peru after 1978. The argument was made that it is impossible to effect any policy change in a climate of domestic instability and violence, so that such support is important in achieving long-term policy objectives that would improve the prospects for development.

A related issue raised in discussion was that aid that is programmed in response to strategic political concerns cannot also be used to promote policy change, because the implied incentive is absent. A case in point is Egypt. The Government of Egypt has rightly viewed food aid as a barometer of its political relations with the United States. In the late 1970s, foreign policy objectives were paramount in determining levels of food to Egypt; macroeconomic performance simply was not a criterion. It was argued that where political considerations dominate, development objectives are necessarily relegated to a secondary position.

2.5 Balance of Payments Support

A number of representatives of recipient countries noted the importance of Title I assistance as a source of balance of payments support. In most cases, PL-480 Title I credit has had a positive impact on the short-term balance of payments position of developing countries. But even given the large grant element of the Title I program, the ultimate obligation to repay the debt makes the long-term outlook less favorable. In Jamaica, for example, Title I as part of a larger donor effort contributed to the availability of foreign exchange, but this was used to expand imports, so the long-run effect was an increase in foreign debt. Among the countries reporting balance of payments benefits were Sri Lanka, Pakistan, Bolivia, and Haiti.

It was pointed out that the longer term negative effects of Title I debt are mitigated in the case of Title III. Its forgiveness provision has enabled Bangladesh to obtain larger balance of payments benefits than would have been possible otherwise. Other countries with similar severe foreign exchange constraints would benefit from the possibility of loan forgiveness inherent in the Title III program.

2.6 Diet and Nutrition

The background paper by Clay and Singer suggests that availability of foreign foods might result in the long run in a change in food preferences, but acknowledged that modernization might have similar effects irrespective of aid. Evidence from Bangladesh and Sri Lanka confirms the commonsense assumption that among the poor, price is the main determinant of the choice of dietary staple. Thus, in Sri Lanka, wheat (at subsidized prices) competed with coarse grains, not with rice. Similarly, in Egypt, the predominance of wheat in the diet is undoubtedly attributable to its low price. If existing price distortions were eliminated, food preferences would shift to reflect the new relative price situation.

A number of participants mentioned the importance of the specific mix of commodities programmed through Title I in changing dietary patterns (in part by altering relative prices), and thus in affecting nutritional status. Examples where this occurred were Haiti and Zaire, where there was a shift from cassava to wheat, and the Sudan, where there has been a shift from sorghum to wheat. There can, however, be a positive nutritional aspect to a change in commodity mix. An example is the increased caloric value of diets where oil has been added.

Title I is not usually a nutritionally targeted program. Its nutritional effect, if any, would be due generally to increased food availability and lower prices. It can also provide the resources needed to get Title II food, which is supposed to be nutritionally targeted, to where it is most needed. For example, in Peru, local currency proceeds from Title I sales are being used to pay for the transport of food to remote areas and for the employment of nutritionists in Title II programs.

The country study of Egypt suggests that Title I has contributed to the high levels of food intake by permitting continued consumer price subsidies. Average caloric intake is well over the minimum requirement. Its relationship to nutrition and health is suggested by a study that found that infant mortality rose in the year after a disruption in the wheat supply. Evidence from Bangladesh indicates that nutritional status and dietary adequacy have declined over the past 2 decades, in spite of improved agricultural performance. This is attributed to the rapid population growth. Food aid is held to have a positive effect on nutritional status, however, because it constitutes a significant proportion of total food consumption. The other country studies did not link nutritional status to the Title I program, in part because of the much smaller size of the program in those countries. There was some discussion at the conference of the possibility of programming foods that would be self-targeting toward the needy as a way of maximizing nutritional effect. But this was not endorsed as a major recommendation, probably because of the recognition that commodity selection is constrained by other factors, and that such foods would be hard to identify. Generally, discussion focused on development impacts, with the implicit assumption that nutritional improvement would follow.

Another issue for discussion was the procyclical nature of Title I. Food aid is programmed by value, not volume, so when world supplies are scarce and prices high, there is a decline in the quantity of food delivered. Both the Bangladesh and Sri Lanka studies mentioned the problems that this supply unreliability caused during years of famine, with obvious implications for the program's effectiveness in combating hunger and malnutrition.

2.7 Equitable Distribution of Food Subsidies

Concern was raised in the meeting about the tendency of Title I assistance to act as a subsidy for urban and often middle-class (rather than rural) consumers. Evidence was presented from Egypt, Ghana, and Peru supporting this contention. A representative from Bangladesh reported that Title III had experimented with the use of less desirable foods such as sorghum as a means of reaching the poorest consumer. This experiment worked well, but sorghum could not be made available through PL 480 on a continuing basis because it has adequate commercial markets and because it is not in surplus in the United States.

2.8 Economic Development

Except in the cases of Bangladesh and Sri Lanka, where dramatic policy changes have resulted in marked improvements in the rate of growth of gross domestic product (GDP) and agricultural production, it was difficult to link the Title I program to any specific progress in economic development. Part of this difficulty stems from the fact that the use of counterpart funds is difficult to trace (see Section 3.2 below). Discussion indicated the belief that macropolicy change rather than specific projects, is the most effective means of promoting economic growth.

Some of the representatives of developing countries at the conference offered numerous examples of the positive effect of local currency proceeds of Title I sales on the pace and direction of economic development. In Zaire, Title I counterpart funds have been used in more than 50 public works projects. In South Korea, local currency sales proceeds were used to subsidize letters of credit that helped promote agricultural production by making credit available to farmers. And in Bolivia and Honduras, increased emphasis is being placed on budgetary support for the Ministry of Agriculture.

2.9 Foreign Policy

In the conference discussion, political uses of PL-480 Title

I generally were treated as a given (i.e., as one of the constraints under which the program operates) that may hinder the accomplishment of humanitarian and development goals. It was suggested that those concerned with development simply must recognize and accept when diplomatic objectives are central to a program.

Several country studies addressed the issue of Title I food as a tool of foreign policy. Because it is a flexible and rapidly programmable resource, food aid is often used as both a positive and a negative indicator of U.S. political support. In Egypt, Peru, and Jamaica, food aid was stopped as a response to government actions unfavorable to the United States, and restarted after positive (i.e., pro-U.S.) changes in governments or their policies. Food aid also has been used in Sri Lanka to maintain a form of diplomatic contact during a period when other diplomatic relations were strained. The availability of U.S. food aid, if it is substantial as in the case of Egypt, probably contributes to domestic stability and thus to the continuation in power of friendly governments.

2.10 Market Development and Maintenance

Market development was not emphasized in the country studies. The role of PL-480 in familiarizing countries with U.S. commodity quality and supplier reliability was mentioned, but with the recognition that price is the major determinant of commercial purchases on the international market. The conference discussion treated concern for market development as secondary to the more central objectives of agricultural and economic growth in the recipient countries.

To some extent, this reflects the composition of the conference participants. Representatives of the Department of Agriculture strongly supported the market development role of the PL-480 program and pointed to "success stories" such as Japan, Brazil, and India, countries that have made the transition from aid recipients to commercial purchasers. Representatives of U.S. rice and wheat producer groups routinely work with agricultural attaches to develop markets for U.S.-produced grains. The USDA also defends and promotes the market development and maintenance function of the PL-480 Title I program on the Development Coordinating Committee.

2.11 Consumer Price Fluctuations

Recently, there has been considerable interest in the potential of PL-480 Title I commodities to dampen consumer price fluctuations. Consumer prices and their variability depend to a considerable degree on the government's price support policies. In Peru, the availability of Title I has permitted the Government to institute a three-tiered pricing system for rice, while in

Bolivia the stabilization of commodity supplies and prices caused a significant decrease in black market activity. A number of participants were critical of the role in price-setting played in many countries by parastatal organizations, arguing that price formation should be left to the private sector.

2.12 Food Storage, Processing, Marketing, and Distribution

Conference participants expressed a variety of positive and negative views about the impact of Title I on food marketing. Positive experience was recounted from Haiti, where Title I local currency sales proceeds were used for the construction of warehouse facilities for food reserves; Uruguay, where local currency sales proceeds were used to construct grain silos in rural areas; and Korea, where Cooley loans (now called counterpart funds) were used to promote baking and poultry operations. In Guyana, Title I helped to maintain the viability of private sector milling operations by ensuring a stable wheat supply; and in Sri Lanka, the assurance of stable wheat supplies induced capitalists from Singapore to invest $100 million in modern storage and processing facilities.

Negative experience related primarily to problems encountered when Title I commodities are handled by government (or parastatal) organizations, thereby preventing private sector participation. However, the Egypt study showed that the government can be as efficient as the private sector in handling PL-480 commodities. Because of the large size of the program, PL 480 affected the entire food distribution system in Egypt. In other countries, though, problems were noted with respect to shipping arrangements that affect distribution and sometimes result in spoilage.

3. ADMINISTRATIVE TOOLS OF PL-480 TITLE I

The effectiveness of the Title I program is a function not only of the food aid itself but also of the administrative mechanisms used to program it. These mechanisms function differently in different settings, and their effects vary because of the different economic contexts in which they operate.

3.1 Single-Year Versus Multiyear Programming

Of the countries studied, only Bangladesh had multiyear programming under Title III. The other four had Title I programs, although it was noted that there was considerable stability in the quantities programmed from year to year. Both the country studies and the conference discussion indicated that policy leverage is considerably reduced with a 1-year program. However, the flexibility and rapid-dispersing nature of Title I was seen as an advantage in permitting the program to respond to changing circumstances, both in the sense of giving rewards and sanctions and in modifying projects as local needs change.

In the discussion, it was generally assumed that multiyear programming of food aid required a shift to a Title III program. The opinion was expressed that Title III was suitable for countries with a good administrative infrastructure and with clearly articulated development goals. Unfortunately, these tend not to be the poorest countries. This idea was also stated in the Clay and Singer background paper, which noted that the paperwork demands of Title III were probably too great for the poorest countries. It was believed that high administrative requirements had discouraged countries from applying for a Title III program.

This is particularly true given the recent shift in priority to the countries of Sub-Saharan Africa, where there is a scarcity of trained manpower. Moreover, it was believed that because the PL-480 program represents only a fraction of the aid they receive, it should not require a disproportionate amount of work. It should be noted that the paperwork demands of Title III affect the Mission as well as the government, so that the Mission staff might also discourage (or at least not promote) Title III when other demands are high.

The experience of Bangladesh suggests, however, that Title III might in fact be particularly suitable to very poor countries. One advantage of Title III in this case is that, given appropriate uses of local currency sale proceeds, the loan component of the program can be forgiven, thereby alleviating the very serious debt problem. This is clearly a relevant concern to the poorest countries.

It was also pointed out that Title III is not the only mechanism for multiyear programming. A provision exists for multiyear Title I agreements as well, although it is not generally used. It was noted that the Office of Management and Budget resists multiyear agreements because they "lock in" U.S. financial commitments. Whether this is good or bad depends on one's point of view.

Several participants stressed that, even in a multiyear agreement, regular review of programs would be necessary together with adjustment of quantities in accordance with performance and need. This requirement is met in Title III programs with annual evaluations that can result in program alterations. There was general agreement in the case studies and the discussion that multiyear agreements would increase the benefits of the Title I program.

3.2 Self-Help Agreements

The Gilman-Solarz amendment of 1981 requires that each recipient country, as part of its Title I agreement, specify concrete, measurable economic development and self-help measures, additional to its ongoing development program, that it intends to undertake using local currency funds generated by Title I sales. These measures are supposed to focus on agricultural production and to be additional to any efforts the government would have undertaken without food aid. Experience with these self-help measures has been mixed and often unsatisfactory.

With the exception of Peru, the country studies found that funds for self-help projects became part of the general government budget and could not be traced. Self-help agreements were stated in general terms so that progress could not be measured explicitly, and often such agreements were simply a restatement of government or AID planning documents.

Adherence to the criterion of additionality was, of course, difficult to judge in the country studies. In Bangladesh, it was assumed that all development projects were additional because of the Government's severe budgetary constraints. In Egypt, it was noted that Government allocations to agricultural development projects declined from 15 percent to 6 percent of capital expenditures between 1975 and 1981 (the program was restarted in 1978 while PL-480 revenues have accounted for 40 percent of all expenditures on agriculture and irrigation since 1976.

Peru is an exception because the Government has agreed to allow separate, identifiable programming of PL-480 revenues, and has even agreed to forward-fund its own contributions to the self-help projects (that is, not to wait to allocate funds until food aid is received and revenues generated from its sale). It was believed that this unique agreement was the result of the political situation at the time the program was restarted, which means that the experience may not be transferable.

The need to improve self-help agreements was noted by many of the conference participants. It was believed that project design and, especially, project monitoring should be strengthened, and that self-help projects should be integrated into AID's overall development plan (the Country Development Strategy Statement). However, it was also noted in several cases (including Peru) that there was no apparent interest in self-help agreements or measures of performance on the part of the Food Aid Subcommittee in Washington. As a result, Mission staff felt a lack of support. It is questionable in any case whether most AID Missions have staff with sufficient influence within the host government to program their counterpart funds.

3.3 Usual Marketing Requirement

The Usual Marketing Requirement (UMR) is a provision which requires that recipient governments not reduce commercial imports as a result of food aid. It has already been mentioned that adherence to the UMR increases the likelihood of agricultural disincentive effects and reduces the role which food aid can play as balance of payments support. One suggestion made in the discussion was that the UMR be eliminated for countries falling below the IDA poverty line, because of the potential burden it can cause. Another novel prescription was to change the formula for calculating the UMR so that it reflects the actual import capacity of the recipient country and takes account of need rather than historical trend. The effect would be to make the food aid more like a food insurance program, with quantities of aid rising when supplies are scarce and prices high or when other economic constraints reduce a country's capacity to import commercially.

In several cases, strong government commitment to consumer price subsidies meant that imports could not be reduced if food aid were withdrawn, indicating that the food was not additional. In the case of Egypt, the quantities imported under PL-480 were so large that the Government could not close the gap when the program was stopped in 1967. This indicated that, despite the Government commitment to consumer subsidies, at least a portion of the aid did meet the criterion of additionality.

Other concerns may override the UMR. In Jamaica, the UMR was reduced from 115,000 to 50,000 metric tons a year, over the objection of USDA, in response to Jamaican Government pressure, probably in part as a gesture of support for the new Seaga Government. This experience may reflect the shift in emphasis away from the market development objectives of the program.

It should be noted that the UMR covers all food imports and not just those from the United States. If other suppliers are available, a recipient country may comply fully with the UMR without importing from the United States. As a result, adherence to the UMR does not by itself guarantee the maintenance of commercial markets for U.S.-produced commodities.

3.4 Commodity Mix

At present, the commodity mix made available to recipient countries is determined by the USDA. Decisions about programming specific foods for specific countries are made by the Food Aid Subcommittee of the Interagency Development Coordinating Committee. There was some discussion in both the country evaluations and the conference about the importance of the commodity mix in influencing program outcomes. It was suggested in the case of Sri Lanka that programming rice rather than wheat might have resulted in significant disincentives to production of that country's major food crop. Peru strongly resisted receiving rice for the same reason, although it was compelled to accept it in one year because of USDA pressure.

Of course, disincentive effects may be felt even if the aid commodity is different from the locally produced staple. It was noted that consumption does shift among different foods in response to changing relative prices. The cross-elasticity of demand -- that is, the degree of responsiveness of consumption to relative price changes -- undoubtedly varies based on the strength of cultural food preferences as well as the level of dietary adequacy in the population consuming the foods.

Aside from the disincentive issue, there may be other reasons why countries prefer particular commodities. The issue of forward and backward linkages between agricultural production and the processing and marketing industries was raised in discussion. For example, shipment of whole wheat might encourage development of a milling industry; the facilities thus created might encourage more domestic production as well. One discussant cited the case of the Dominican Republic, where flour millers wanted aid to be in the form of rice so that they could export wheat to neighboring islands. Clearly, conflicts may exist between surplus disposal and other program objectives.

For these reasons among others, it was believed that the principle is emerging that recipient countries should be allowed to have increased input into the selection of PL-480 commodities. One suggestion was that countries might receive a credit allocation that they could use to obtain from the United States the commodities they preferred. Another suggestion was that the United States could finance food imports from a third country, although it was recognized that this might jeopardize the support of the agriculture sector for the program.

3.5 Interagency Administration

The PL-480 program is administered by the Food Aid Subcommittee of the Development Coordinating Committee, which has representation from seven agencies: the Department of State, the U.S. Agency for International Development, the Department of Agriculture, the Department of Commerce, the Department of Treasury, the National Security Council, and the Office of Management and Budget. Each agency represents a different perspective and has different objectives for the PL-480 Title I program. Decisions of the committee are by consensus.

Everyone acknowledged the cumbersome nature of the interagency process. Most of the discussants believed, however, that the multiple interest groups served by the program were a source of its domestic political strength and longevity. They believed that any radical restructuring of PL-480 might result in loss (or diminution) of the resource, rather than in improved effectiveness.

It was argued that at least one major barrier to achieving development objectives is the lack of a consistent, long-term set of objectives for each country program. Short-term political priorities and periodic surplus disposal pressures tend to disrupt the long-term negotiating process for policy change and economic development. Yet a long-term perspective is essential if such goals are to be achieved. Some discussants were willing to accept the argument that planners must evaluate each situation separately and make a judgment whether these other pressures leave room to maneuver in a policy dialogue. They acknowledged that, in some cases, a genuine policy dialogue would not be possible.

Administration by consensus was recognized to create difficulties, but it was argued that all the actors in the process understand the need to compromise and know that they may have to sacrifice lower priority objectives in order to be able to hold the line on those that are more important to them.

3.6 The Bellmon Determination

The Bellmon Determination was incorporated in the 1977 amendments to PL-480. It requires recipient countries to demonstrate that the Title I food can be accommodated in their storage and transportation systems and that the food will not cause a disincentive to local agriculture. Application of this requirement was not a focus of discussion either in the papers or in the conference. The difficulty of measuring disincentive effects already has been mentioned; accurate prediction is even more difficult. A risk in adding requirements such as the Bellmon Determination is that they simply become pro forma, rather than a substantive part of program planning. Ways of dealing with these issues were not addressed in the evaluation effort.

3.7 Shipping Requirements

There was some discussion of the requirement that 50 percent of Title I food be shipped in U.S. flag carriers. While direct costs of this requirement are met by the program, which pays the price difference between U.S. and other shippers, shipment delays have occurred because of this requirement. This was held to be a growing problem because of the shift in program emphasis to Africa, where each country receives relatively small quantities and where port and other transport facilities cannot always accommodate U.S. ships.

3.8 Donor Country Coordination

Since the World Food Conference of 1974, there has been a substantial increase in discussion of the need for coordination among the agencies donating food to a specific country. Historically, food aid donors have had a tendency to program food assistance with little or no regard for the programs of other donors or for how their commodities fit into the overall food aid "basket" for a country. However, in part as a result of the

World Food Conference, AID and the other bilateral aid agencies, along with the U.N. World Food Programme, are making greater efforts to coordinate their programming decisions. An example of such coordination is the aid program in Bangladesh. It was suggested that improved donor coordination can help to prevent an impasse on decisions about commodity mix, choice of terms, self-help provisions, and uses of local currency.

4. RECOMMENDATIONS EMERGING FROM THE CONFERENCE

A number of recommendations regarding program administration emerged from the evaluations, background materials, and conference discussion. They are summarized below.

4.1 Find Ways To Implement Multiyear Programming

Most of the case studies recommended multiyear programming for their specific countries, and the conference discussion confirmed this opinion on a program-wide basis. Multiyear programming would increase leverage in policy discussions, facilitate planning of self-help projects and other uses of local currency generated through sales, and contribute to greater food security. Multiyear programming also would make it easier to integrate self-help projects into the overall USAID program. Some made the assumption that multiyear programming required a shift to a Title III program, the increased administrative and paperwork demands of which might make it unfeasible for the least developed countries. But it was pointed out that multiyear programs are possible under Title I and should be tried. Furthermore, the success of the Bangladesh program was used as an example to show that Title III in fact might be suitable for the poorest of developing nations. The need was mentioned for a regular monitoring provision for adjustment of aid quantities in such agreements. Some concern was expressed that multiyear agreements might make it more difficult to alter the program in response to changing circumstances, but the prevailing opinion was basically favorable to such agreements.

4.2 Improve Integration of Food Aid With Other Development Assistance

Most participants agreed that food aid should be integrated with other development assistance. There was some dissent by those who believe that the resource is of a different nature from other kinds of aid and should, therefore, be used differently. It was acknowledged that because the form of food aid is constrained, the real value of the resource transfer to the recipient country is less than the full cost of the food and its transport.

Among the suggestions for improving U.S. aid coordination were (1) to involve AID staff in program design, (2) to strengthen the staff's design capability, and (3) to include use of food aid and self-help projects in the annual Country Development Strategy Statement. A suggestion was made that country performance in Title I agreements should be included in the performance evaluation of AID Mission directors.

The value of improving coordination of food aid with other donors was universally acknowledged. Among the recommendations proposed to achieve this goal were (1) to take account of anticipated food aid levels from other donors in the deliberations of the interagency Food Aid Subcommittee of the Development Coordinating Committee; (2) to use the forum offered by the Food Aid Committee of the International Wheat Council to discuss matters such as commodity mix, the timing of food aid deliveries, and others; and (3) to work closely with the International Monetary Fund and the World Bank in their lending programs aimed at promoting structural adjustment in the recipient country economies.

4.3 Improve Self-Help Agreements and Their Review

There was general agreement that self-help agreements need to be made more specific and measurable, with explicit activities, goals, targets, and time frames. This suggestion would have to be implemented by those negotiating the Title I program. The need for sensitivity and tact in imposing such requirements was emphasized. Increasing the specificity of these agreements was seen as a prerequisite to effective review and monitoring of performance which, it was believed, also needed strengthening. Some participants expressed concern at the cost (both financial and human) of institutionalizing regular program reviews for self-help activities.

Among the specific suggestions put forward for improving the impact of self-help measures was the use of longer terms together with annual benchmarks of progress. One participant referred to such benchmarks as "obtainables" -- that is, measurable microlevel performance criteria. It also was suggested that incentives should be offered for compliance with self-help commitments, including bonuses or adjustments in the terms of the aid agreements (such as interest rates and grace periods), which would increase the grant element of the program.

4.4 Reduce Delays and Improve Timing of Food Delivery

Food delays result in problems of planning. Delays in the availability of counterpart funds can hamper activities to be carried out under self-help agreements. Also, it was suggested that food should be timed to arrive during the scarce season rather than at harvest time, to increase benefits to the poor and to minimize possible disincentives to agriculture. This suggestion implicitly assumes that storage facilities are not adequate to ensure steady availability of food throughout the year, suggesting that the Bellmon Determination may not always be met. One participant also suggested that more frequent, smaller deliveries would reduce the burden on local storage and distribution facilities. Other than relaxing the requirement to ship in U.S. flag carriers, specific suggestions for achieving this goal were not offered.

4.5 Program Food by Volume, Not Value

A problem with PL-480 is that allocations of food are made by value. Thus, when food prices rise, the quantities available to each country are reduced. This makes the program procyclical in nature: when food is scarce and need is greatest the quantity of food aid is lowest. There was general agreement that programming by volume of food would increase the benefit of the program to recipient countries. Additional recommendations designed to make Title I food aid more counter-cyclical included using (1) local currency sales proceeds for storage; (2) blended credits when international markets are soft (that is, a mix of concessional and commercial credit terms, which would have higher interest rates than purely concessional loans); (3) Title I credits when international markets are firm; (4) Title I, insofar as possible, to build in-country reserve stocks; and (5) other forms of economic assistance (Development Assistance and Economic Security Funds) to train managers.

4.6 Increase Recipient Country Input Into Commodity Mix

Several reasons were cited for allowing recipient countries a greater say in choice of commodities under PL-480. The uncertainty of what foods will be shipped makes it difficult to plan for their use, especially if different processing is needed or different distribution mechanisms are used for different foods. Therefore, recipient government preferences should be given more weight relative to USDA surplus disposal priorities than at present.

One suggestion for achieving this was to allow each country a fixed amount of credit with which to purchase its choice of U.S. commodities. However, assuming that credit is given in dollar amounts, this suggestion runs counter to the recommendation to program by volume rather than by value.

4.7 Improve Policy Dialogue Between AID and Host Country

It was suggested that the period of negotiation on new Title I agreements represents an ideal opportunity for AID Missions to raise the subject of reform in a country's food policies and to explore how PL-480 assistance might complement that reform. More attention needs to be devoted to the food policy context of each country, and it was suggested in this regard that the Food Sector Strategy developed by the World Food Council might represent a useful approach. The first step in such a process is to develop consensus within the country team on a few key policy issues that might be addressed, after ascertaining that Title I assistance is an appropriate vehicle for encouraging the policy modifications. Discussions with the host government should specify what the U.S Government expects in the way of policy changes or initiatives in return for Title I assistance. Followup actions also were recommended, including (1) focusing all aid resources, including Title I, on achieving a few agreed-on policy objectives; (2) forming local consultative groups of donor and host country representatives; and (3) providing additional resources as reinforcement for good performance.

4.8 Accept the Inefficiency of the Multiagency Structure

There was general agreement that the multiagency administration of the PL-480 program is a source of inefficiency. Concensus is often reached with difficulty, because each actor represents a different program objective, and these objectives are often incompatible. It was recognized, though, that the multiple constituencies of food aid are a major reason for the program's longevity and strength. Thus, it was felt that those concerned with development impacts of PL-480 must accept that in some cases political priorites or surplus disposal needs will preempt development objectives, whereas in others the program can be designed to have significant development effects. An effort should be made to maximize these benefits within the operating constraints of the multiagency framework.

4.9 Promote the Involvement of the Private Sector

It was noted during the conference that there is a fundamental need to define what is meant by "private sector" in different country settings and under what circumstances private sector entities are likely to be more efficient and effective as food aid conduits than government or parastatal agencies. It is also necessary to study and understand the political and economic relationships in a particular host country regarding public versus private leadership and the implications of these relationships for U.S. foreign policy.

The conference produced a number of useful recommendations concerning how a mature private sector might be encouraged or used more effectively. For example, local currency sales proceeds could be used to capitalize national development banks or to "endow" selected private institutions undertaking educational or other social sector activities. Similarly, it was suggested that local currency sales proceeds might be used to establish credit facilities to promote new private sector initiatives. Finally, it was suggested that the real need in many countries to expand the capacity of the private sector to engage in food distribution and storage activities might be accomplished in part through low-cost loans and tax incentives.

4.10 Other Recommendations

During the conference a number of additional recommendations were proposed. Although these were not necessarily endorsed by the entire conference, they are worthy of mention here:

1. Concentrate food aid in countries that are prepared to use the Title I resource in support of risky but clearly needed political or socioeconomic changes relevant to meeting basic human needs.

2. Require the host government to produce a realistic financing plan for the continuation of programs when Title I assistance is phased out, possibly as a condition of receipt of the food aid.

3. Develop performance criteria for evaluating the impact of Title I programs that are tailored specifically to the size of a particular program and to the overall country situation.

4. Develop more effective incentives and sanctions that can be used to reward good performance or to penalize failure to comply with agreed-on performance criteria.

5. Strengthen the capacities of AID personnel in charge of Title I by (a) assigning high quality people, (b) providing sufficient time to accomplish the work (i.e., not overburdening with other duties), (c) providing specialists in program design and evaluation, and (d) providing general training in the design and implementation of food aid programs.

5. ACTION TAKEN SINCE THE CONFERENCE

Since the conference, action has been taken on several of the recommendations derived from the meeting. Among them are the following:

1. Guidelines have been issued for improving the design of self-help measures.

2. AID has developed a strategy for designing and implementing multiyear Title I programs. Such a program is now under consideration for Costa Rica.

3. Guidelines on evaluating the disincentive effects of Title I programs have been developed in draft form; final approval is anticipated by the end of 1984.

4. An amendment to PL-480 has been proposed that would allow, in limited cases, credit financing of ocean transportation costs under Title I concessionary sales programs, and payment of inland transportation costs under the Title II grant program. This proposed amendment is the result of the President's "Food Aid Initiative," announced in July 1984, which aims to allow the United States to respond more quickly and effectively to famine-stricken populations.

5. A study of donor information sharing and coordination is being undertaken by the International Food Policy Research Institute under contract with AID, with additional funds from Canada and the European Economic Community.

APPENDIX A

SUMMARIES OF IMPACT EVALUATION REPORTS

1. SRI LANKA: THE IMPACT OF PL-480 TITLE I FOOD ASSISTANCE

Sri Lanka is noted as a leading proponent of the pursuit of an equitable growth strategy. One of the few remaining democratic states in Asia, this socially heterogeneous society has shifted political power across the spectrum of party politics, but each government has reaffirmed the basic commitment to supply both social services and food subsidies to the population. It has done so with remarkable consistency and effectiveness.

There is a long history of food support to the population, dating from the close of the colonial period. This system provided subsidized, and sometimes free, rations of basic food-stuffs to various segments of the population, reaching a peak with free but limited distribution of these essentials to both the rich and poor. Increasing demands on the public treasury made continuation of this program untenable, and with the election in 1977 of a more conservative government, a gradual shift took place, leading to revision of the program. The food stamp program was introduced to provide purchasing power to the poor (estimated at about half the population) for a variety of staple foods, generally through cooperative stores. This program was not indexed to inflation, and the purchasing power of the food stamps has eroded since 1979. Wheat flour, some of which is provided under the PL-480 Title I program, was eligible for purchase with food stamps.

Although the Title I program has four objectives, the economic development objective is of primary relevance to the Agency for International Development (AID). The other objectives are the furtherance of U.S. foreign policy interests, the reduction of U.S. surplus agricultural commodities, and the expansion of U.S. commercial sales. Because it interacts with the recipient country's economy as a whole, as well as because of its varied objectives, an evaluation of the Title I program presents problems of methodology, scope, and analysis. The program in Sri Lanka was also constrained by time and data availability.

The PL-480 Title I program has operated in Sri Lanka since 1956. It has been of continuous support to the nation, with the exception of a short break as a result of enforcement of the Hickenlooper amendment,{1} in total has provided some $277 million in food support. The bulk of these commodities has consisted of wheat flour and, following the completion of the Prima Flour Mill in Sri Lanka, of wheat. At various times, other commodities were supplied, including relatively small amounts of rice and maize. Wheat has become a staple in the diet of some population groups in Sri Lanka. Wheat flour is a traditional part of the diet of the Tamil populations of the north and the tea estates, and is consumed more broadly in Sri Lanka as bread, which is used mostly as convenience food in both the urban and rural sectors because it requires no cooking, is easily transportable, and can be eaten with traditional curries.

Rice, however, is clearly preferred to wheat by the majority of the population. Bread is considered a supplement to, but not a substitute for, rice. It is not surprising, given this preference, that food stamps are primarily used to purchase rice rather than bread or flour. Wheat, therefore, does not directly reach the bulk of the rural poor, who are assisted through food stamps, although the urban poor consume wheat in the form of bread. Reaching the rural poor only indirectly is not necessarily inappropriate. Given the low (relative to rice) international cost of wheat, which has approximately the same nutritional value as rice, a large supply of wheat may free rice for broader consumption through substitution. This indirect effect would probably be a positive one for the poor.

Overall, Title I was apparently policy neutral: it continued to provide commodities throughout the broad swings of Sri Lanka's domestic economic and political life and throughout swings in U.S. policy toward Sri Lanka. The evidence suggests that the supply of wheat or wheat flour caused no disincentive effects on the domestic production of rice, which markedly increased simultaneously with PL-480 imports as a result of both effective pricing policies and technological innovations. PL 480 may, however, be associated with a disincentive to the production of coarse grains, which are relatively minor crops in Sri Lanka.

Title I represents a significant and positive balance of payments resource, and the Sri Lankan Government views the program basically in this light. It is highly regarded in the

Government, and is treated as a multiyear resource, even though it is programmed annually. Neither the United States nor Sri Lanka seems intent on PL-480's termination, although self-reliance (the ability to procure sufficient food through production and trade) is considered desirable. Sri Lanka would benefit from a multiyear Title I commitment, but only Title III is supposed to provide long-term food aid. Although Title III provides a multiyear commitment of food aid, thereby facilitating long-term planning, it also requires policy reform, and while the former is needed in Sri Lanka, the latter is not. An innovative arrangement that incorporates a multiyear commitment of food aid but does not require policy reform or involve the considerable administrative costs associated with Title III needs to be explored.

The self-help measures included in Title I agreements have been virtually superfluous and also unquantifiable and non-additive above basal efforts. Because Sri Lanka was generally pursuing sound rural development strategies independent of Title I, the PL-480 funds were relatively minor in relation to the Government's total budgetary commitment to the rural sector, and proceeds from the sale of Title I commodities are credited to the general Government account and cannot be identified. Because the rural policies of the Government are basically appropriate, no change in procedure is needed.

Nutritional considerations have not entered directly into Sri Lankan food policy formulation. Several high-risk nutritional groups can be identified, but such groups have not received compensatory benefits beyond what is available to the population in general through food programs. One group (tea estate workers) is excluded from food stamp benefits because their reported income makes them ineligible, even though it is clear that this group is more impoverished than rural nonestate households with lower reported incomes.

On balance, the Title I program has probably made a positive contribution to U.S./Sri Lankan relations. During periods when other assistance was suspended, Title I continuity was a positive influence on these relations. The program was modestly helpful in supporting the objective of relieving U.S. grain surpluses and opening U.S. commercial sale possibilities there, although the small size of Sri Lanka limited this impact.

{1} This amendment requires closure of foreign aid when U.S. property is expropriated without compensation.

2. THE IMPACT OF PL-480 TITLE I IN PERU: FOOD AID AS AN EFFECTIVE DEVELOPMENT RESOURCE

Peru's PL Title I program has been shaped by multiple, often conflicting objectives pursued by the many agencies contributing to its formulation and implementation. The program is a product of compromises that moderate but do not eliminate the inherent inconsistencies and contradictions. It is also, like all Title I programs, the result of a unique combination of country- and program-specific characteristics. Nonetheless, Peru's experience with Title I provides some important general lessons, especially through the Mission's accomplishments in integrating Title I into AID's development assistance program.

2.1 Description

After a 14-year hiatus, the Peru Title I program was reinstated in 1978 as part of a general increase in U.S. support to Peru. The program level remained a constant $20 million a year (mostly in rice) until 1982, when the level dropped to $17 million and the terms were tightened. In evaluating the program's impact it should be remembered that the years from 1968 to 1980 saw substantial political, economic, and social upheaval in Peru, the repercussions of which are still being felt. This fact, combined with the relatively short life and small size of the current program, made it difficult to isolate the program's impact on such variables as agricultural production or the nutritional status of the population as a whole. For these reasons, and because of the important lessons to be drawn, the analysis focuses on some more immediately measurable results which we believe have important downstream effects.

2.2 Distinctive Features

2.2.1 The Uses of Local Currency Sales Proceeds

Since 1978, USAID/Lima has been heavily involved in programming the uses of local currency sales proceeds from Title I commodities. This has become more specific and targeted each year, even as the counterpart funding requirements of the AID program have gone from roughly one-half to two times the value of the Title I agreement. This has been accomplished not through a special account but through a detailed annex to the Memorandum of Understanding developed by USAID and the Government of Peru (GOP). Furthermore, the GOP "forward funds" these activities instead of waiting for local currency to be generated.

2.2.2 Additionality

Additionality has been demonstrated in a variety of ways:

Local currency programming guaranteed AID counterpart during times of crisis in the late seventies.

When Title I exceeded AID counterpart requirements, it gave the Mission a quick-response capability for a variety of new initiatives and special projects.

It leveraged additional GOP resources into successful projects initiated in part with Title I resources.

Perhaps its major impact has been on the Title II program. By funding many of the operating costs associated with private voluntary organization (PVO) Food-for-Work projects, it has allowed a very substantial increase in this program.

2.2.3 Policy Dialogue

No major policy impact of the program could be identified, although there is ample evidence that it is an important part of the dialogue between the Mission, the Embassy, and the GOP. What is perhaps most remarkable, and an indicator of the degree of Title I integration into AID's program, is that Title I is part of the U.S./GOP dialogue at the project level.

2.3 Lessons Learned

1. The year-to-year uncertainty of Title I has reduced its effectiveness as a development tool. It is difficult, and dangerous, to program a resource that cannot be assured. The results of this year's delay are evident in disbursement of Title I resources to the Title II program. Some project activities have been stopped or scaled back, and some gains of previous years (e.g., in reforestation) are being jeopardized.

2. AID development objectives seem to carry no weight in Washington decisions regarding levels, commodity selection, financial terms, and timing. Furthermore, the multiplicity of objectives and actors defining each year's program occasionally generates contradictions. This adds additional instability to the process from AID's point of view.

3. U.S. and GOP staffing and institutional changes are an additional source of instability to which an annual program is particularly vulnerable.

2.4 Recommendations

1. A pilot multiyear (3 to 4 years) Title I program should be authorized in Peru. This is justified because of the high degree of integration of Title I resources into the AID

program. We believe that it would substantially eliminate the uncertainties in the current system and allow the Mission to exert greater policy leverage (e.g., reforming agricultural credit policies).

2. Programming local currencies should be integrated with the Peruvian budget cycle rather than the Title I cycle. This would be greatly facilitated by a multi-year program.

3. PL-480 TITLE I: THE EGYPTIAN CASE

3.1 Background

Food aid has been a major component of U.S. foreign assistance to Egypt since 1955. Since 1960 the United States has shipped over $42.3 billion (18.9 million metric tons) worth of wheat to Egypt under all three PL-480 titles. Following a break in flows between 1967 and 1974, PL-480 shipments increased to a level of about 1.5 million tons by 1976 and have continued at about that level to the present.

This evaluation focuses on the impact of PL-480 Title I assistance on Egyptian economic development, U.S. foreign policy objectives, and U.S. trade and market development objectives. In addition, the evaluation examines the effectiveness of AID's management and use of the PL-480 Title I program as a development resource.

The impact of U.S. PL-480 Title I assistance was assessed in the context of Government of Egypt (GOE) policies, the objectives of U.S. law and policy, the historical evolution of the program, and Egypt's agricultural performance.

3.2 Major Conclusions

1. Domestic Production and Food Supply. The objectives of the GOE with respect to food and agriculture are to achieve food security through increased agricultural production, to keep basic food (bread) cheap and plentiful, to earn foreign exchange through cash crop exports (cotton), and to keep production costs and prices low.

The GOE believes that the ready availability of cheap bread is a key factor in the country's stability and that an essential GOE responsibility is to ensure this availability. Supplies are assured through private "unencouraged" local wheat production (1.5 million metric tons) and imports (6.5 million tons). Of these imports, PL-480 Title I accounted for 1.5 million tons in 1981, about 17.5 percent of total consumption. Flour and bread prices to consumers are fixed by the Government and subsidized by the GOE at a cost of $800 million per year.

The Government's dual policies of ensuring a virtually limitless supply of wheat flour/bread and subsidizing consumer wheat flour/bread prices combine to reduce the economic incentive to farmers to produce wheat. To the extent that PL 480 reduces the cost to the GOE of imports in support of its wheat flour/bread policies, it contributes to the implementation of policies that act as disincentives to farmers. To determine whether PL-480 acts as a disincentive, one would have to know that in the absence of PL-480, imports would decrease and prices would rise. Most GOE officials outside the Ministry of Agriculture insist that if PL-480 were not available, imports would continue at similar levels, albeit at greater expense to Egyptian public sector resources.

Because the program of PL-480 assistance was interrupted between 1967 and 1974, it is possible to examine the changes in price policy and supply response during a period without food assistance. The evidence shows that the GOE did increase producer prices and that farmers did respond by increasing both productivity and overall production of wheat during this period. When PL-480 was reintroduced in 1975, producer prices were allowed to decline relative to other crops and relative to world market prices. Production also leveled off. Egypt's wheat imports expanded significantly to the present level of 6.5 million metric tons. Although PL-480 Title I accounts for about 23 percent of total imports, the GOE's ability to finance this high level depends on the availability of foreign exchange earnings, principally from oil exports, the Suez Canal, and remittances from Egyptians overseas. Since all of these sources are more or less flat or declining, the importance of PL-480 in helping offset the import bill may increase in the future.

It is unclear whether Egypt enjoys a comparative advantage in wheat production. Certainly under the present price regime, domestically produced wheat may be assigned more value as fodder for animals and in brick making than for human consumption. Farmers do appear to follow their own "food security" program, although very little domestic wheat is marketed. There is little disagreement that Egypt can increase productivity in wheat through application of existing improved technology. An experiment sponsored by the GOE and AID subsidized a sample of wheat farmers throughout Egypt to help them adopt new varieties and improved agronomic practices. Yield increases were in the order of 50 percent or higher. However, there is little economic incentive to adopt these practices. Egypt cannot meet its food security goal through self-sufficiency in wheat. Population pressure, improved incomes, and changing consumer preferences combine to increase demand for wheat and wheat flour. This pressure, together with expanding claims on available foreign exchange earnings, may more than anything else force the GOE to find ways to improve domestic wheat production.

An analysis was done of four options available to the GOE: (1) maintain the status quo; (2) maintain the consumer subsidy on wheat, while raising the producer price to international levels and increasing Government procurement levels; (3) remove the current subsidy, allowing prices to rise to international levels, but continuing PL-480 shipments; and (4) allow prices to rise and curtail PL-480. This analysis is not intended to assess the social and political impact of these options. It also assumes that if PL-480 were curtailed, no other government would step in and provide similar support. Nevertheless, it is useful to illustrate the budget and foreign exchange costs and savings of the array of possibilities which the Government may consider.

2. Distribution of Wheat. The Government wheat distribution system administered through the Ministry of Supply (MOS) works to provide all parts of the country with wheat and wheat products. Although differences do exist between supplies to urban and rural areas, these were not found to be serious. There is some evidence to suggest that wheat may be in excess in some areas, leading to a perception of wheat as a "free good." One of the effects of this Government system has been to strengthen considerably MOS control over all elements of the food chain, from importation to final distribution. Since it is administratively easier to operate the system as "throughput" for imported grains, the team observed that it may be difficult to reorient procurement and distribution to a system that relies on increased local production. It is clear that this system has eliminated or severely reduced regionally centered private marketing and processing of wheat and wheat flour.

3. Nutritional Impact of PL-480 Title I. It is difficult if not impossible to disaggregate the effect of PL-480 wheat from the total supply that the Government makes available to Egyptian consumers. There are inferential data to show that per capita caloric intake has increased to nearly 2,800 calories per day. Because a high percentage of this is in the form of carbohydrates, there is some indication of increased obesity and diabetes. On the positive side, there is research evidence to indicate that the infant mortality rate fluctuates positively in relation to wheat supply.

4. Impact on the Government of Egypt Budget. As GOE expenditures have increased since 1975, the share of the budget supported by PL-480 Title I local currency sales proceeds has declined from 5.5 percent in 1976 to 2.4 percent in 1981. If all local sales proceeds were assigned to the two principal ministries for agriculture, the Ministry of Agriculture and the Ministry of Irrigation, the share would increase to about 40 percent of those budgets. Of course, locally generated proceeds are not allocated to specific accounts.

A more obvious finding is that food aid, as with any form of foreign assistance, relieves foreign exchange constraints.

5. Self-Help Agreements. The self-help sections of PL-480 agreements through 1979 were written in general and ambiguous terms, and thus PL-480 did not have a maximum impact on development through these sections. Indeed, self-help agreements have been poorly monitored and do not reflect efforts

beyond existing project agreements. Policy dialogue, however, showed some improvement beginning in 1979, as did the degree of Egyptian coordination and the specificity of agreements. Greater effort is needed to clarify the Mission's responsibility for management of the reporting process.

6. Foreign Policy Objectives. U.S. food aid has helped ensure Egyptian stability, which in turn permitted the Mideast peace process, a top U.S. foreign policy priority, to proceed. The GOE considers PL-480 to be a critical element in the U.S.-Egyptian relationship, and views the size of the annual allocation as a barometer of U.S. support.

7. Market Development. PL-480 Title I has had mixed results as a market development tool in Egypt. Commercial purchasing decisions are based primarily on price and availability, not on Title I levels.

3.3 Issues and Conclusions

PL-480 Title I has been an important symbol of U.S. commitment to Egypt. It combines well with Egypt's past and present food policy, which has worked to provide the Egyptian consumer with increasing amounts of cheap bread. The system of subsidies, however, has worked to the detriment of wheat production. So long as Egypt's foreign exchange position was improving, PL-480 Title I represented a declining portion of the overall food bill. This may change as foreign exchange earnings decline or level off.

PL-480 poses four objectives: indigenous economic development, support of U.S. foreign policy aims, U.S. market development, and humanitarian assistance. In the best of situations, these objectives are difficult to attain. In the Egyptian context, the foreign policy objective has been overriding. Perhaps this is necessary. Although efforts have been made to encourage commercial purchases of wheat, wheat flour, and other commodities, the evidence suggests that Egypt (like most countries) bases purchasing decisions primarily on price. However, the indirect impact of PL-480 was evidenced by the recent U.S. sale of 1 million tons of wheat flour to Egypt, which was facilitated by our long PL-480 presence there; the Egyptians were familiar with U.S. wheat, U.S. Government-related export procedures, U.S. shippers, and U.S. Department of Agriculture officials. Finally, there appears to be growing recognition by the Egyptian Government of the fact that Egyptian food production has suffered from neglect and inappropriate policies. The U.S. Government should continue to encourage any effort by the GOE to adjust its agricultural pricing policy. The The record over time seems to indicate that although foreign policy dialogue was facilitated by PL-480, there was little apparent interest in Washington, our AID Mission, or the Egyptian Government in specific economic development efforts related directly to our 480 PL program. Improvement in this area is both possible and desirable to ensure that our largest Title I program is in full compliance with the letter and spirit of recently legislated amendments to PL-480 (e.g., the Gilman-Solarz amendments), as well as to the development policy initiatives of the U.S. Government.

4. JAMAICA: THE IMPACT AND EFFECTIVENESS OF THE PL-480 TITLE I PROGRAM

PL-480 Title I programs are poorly understood, more complicated than other development assistance activities, and often designed to serve purposes that are outside the usual analytical framework of aid practitioners. Thus, to evaluate the program, it is necessary to identify its principal objectives (Title I program documentation is not always the best guide) as well as those elements of the program on which the evaluation should focus, such as the relative importance of macroeconomic impacts or specific self-help measures contained in the agreements. It is also necessary to select a representative program period for evaluation. (Title I programs have been in effect in Jamaica since 1974.)

The period 1975-1980 was chosen for examination in Jamaica. This was a period in which the Title I program expanded, as did other aspects of U.S assistance to Jamaica, in response to worsening political and economic conditions. The year 1981 was not included, since the impact of events in that year, including the programs and policies of the new Government elected in late 1980, and the impact of the 1981 Title I agreement of $17.1 million could not be satisfactorily assessed at the time of the evaluation in January 1982.

The Title I program, which averaged roughly $10 million in the years 1977-1980, was part of a larger U.S. effort to ameliorate worsening economic conditions in Jamaica, where the economy had begun to slide in the early 1970s. The rationale behind increased economic assistance to Jamaica, as well as to the smaller nations in the Caribbean, was that the aid (1) would be a clear demonstration of the friendship and support of the United States and (2) would contribute to economic stability, adjustment, and growth. Both these objectives would in turn serve to weaken Fidel Castro's appeal to Caribbean leaders, particularly Michael Manley of Jamaica.

Notwithstanding increased aid flows from the United States directly to Jamaica through development assistance loans and grants, Economic Support Funds (ESF), and PL-480 concessional financing, as well as indirect aid through the Caribbean Development Facility and substantial aid from other donors, Jamaica's economy continued to move downward, and its Prime Minister apparently moved toward the political left. In the period 1976 to 1980, gross domestic product (GDP) fell 14 percent, the unemployment rate rose from 22 to 27 percent, and the structure of production remained excessively dependent on imports, without significant improvements in the capacity to export. Relations with the Manley Government remained strained, although there were "bright spots" that helped to sustain support for foreign aid to Jamaica (e.g., Jamaica's support of the United States on Iran and Afghanistan in the United Nations).

The causes of the continued economic slide were the same as those that had led to its inception: excessive and ineffective Government intervention in the economy and other economic policy failures; adverse movements in international commodity prices; capital flight; and reluctance of foreign investment (and to a lesser extent, tourists) to enter a country whose politics were uncertain, where labor unrest was notable and costs were high, and where crime was a prominent part of everyday life.

PL-480 Title I food aid, averaging US$10 million a year in the period 1977-1980, was itself too insignificant and fungible a resource to have any discernible impact on the Jamaican economy. Annual imports in 1979, for example, were US$1 billion, and U.S. food aid was only about 1 percent of that amount. At the same time, food aid was part of a larger U.S. assistance response, which in turn was a significant element in a multidonor effort to support stabilization and adjustment in Jamaica by providing foreign exchange. The issue, thus, was the general effectiveness with which this foreign exchange was utilized by Jamaica. For the reasons cited above, the foreign assistance effort at best helped alleviate the symptoms of economic crisis (at a considerable cost in terms of increased foreign debt) but did not effectively contribute to a constructive resolution of the crisis. The Jamaican economy was no more able to meet its foreign exchange needs on its own in 1980 than it had been in 1976.

With respect to more specific economic effects on food production and supply, it is unlikely that the concessional food imports were additional to what Jamaica would have imported without that aid. The Government of Jamaica's (GOJ) pattern of economic management in the period suggests that, although there were severe restrictions on imports, a minimum level of total food requirements was determined, and food imports required to meet this level would be brought in, whether concessionally financed or not. Insofar as PL-480 did not augment imports of food, the issue of direct disincentive effects of food aid (i.e., those exclusively attributable to PL-480) on overall domestic food production does not arise.

PL-480 may have affected the composition of imports, resulting in an altered pattern of incentives that might positively affect some crops and negatively affect others. Because PL-480 was thought mainly to have had balance of payments effects, and because overall food import policy (as described below) provided greatly enhanced incentives to domestic food production, no detailed study was made of the compositional effects of imports and their possible impact on the pattern of domestic production.

Jamaican food import policy after 1975 provided a strong stimulus to domestic food production. Food imports were reduced by 54 percent in real terms between the early and late 1970s. At the same time, the annual increase of agricultural crops for domestic use rose from .5 percent in the early period to 5 percent in the later period. Production and distribution were carried out mainly by the private sector and were largely unregulated. This case provides a compelling example of the positive incentive effect of reduced food imports on domestic food production.

Accordingly, food aid was associated with an overall food import policy that stimulated domestic production and thus avoided having an indirect disincentive impact as well.

The self-help measures in the 1975-1980 Title I agreements covered a number of sectors (agriculture, health, housing, education, and nutrition) and were expressed in terms which inhibited reliable assessment of accomplishments. The measures were secondary to (though some were supportive of) the principal politico-economic purposes of the assistance. They enabled the GOJ and USAID to agree on where local currencies generated under the agreements should go; thus, they reflected the AID loan and grant portfolio to a large extent, as well as the development priorities of the GOJ. While the GOJ dutifully submitted annual reports listing steps taken to carry out the self-help measures, these generally were compilations of project progress reports (including, but not limited to, those funded by AID). While they did not appear to be used as a basis for future determinations of PL-480 levels, they did serve as a basis for future self-help measures, since these reappeared year after year with little or no textual change.

The self-help measures of the PL-480 agreements in the period 1975-1980 did little if anything to contribute to development in Jamaica. Formally, of course, they did stipulate counterpart uses supportive of development projects. Monitoring these self-help projects, however, was not seen as a serious matter either in Kingston or in Washington.

The agreement on counterpart allocations did have an interesting side effect, however. A Ministry of Finance spokesman said that he was able to press line ministries to meet their implementation responsibilities under AID projects, because it was important not to allow the funds generated by sales of PL-480 commodities to languish in the account into which they were deposited. Further, the counterpart gave additional assurance that the GOJ financial obligations toward AID projects would be met in timely fashion. (Other donors were encountering difficulties of this nature; the Caribbean Development Facility [CDF] was intended to resolve this problem.)

The Jamaica Title I program must be understood as representative of how Title I food aid was employed in a highly charged economic and political environment during the past decade. That is, the decision to allocate Title I aid to Jamaica had important political underpinnings. The aid's stabilization and adjustment objectives were paramount, and more traditional, longer term development objectives were not of major interest.

Further, there was only limited development of markets for U.S. commodities associated with this program. This was due in part to the fact that corn was the principal import and the United States already was the exclusive supplier. Also, other countries' objections (Guyana and other CARICOM countries) to additional U.S. rice, wheat, and wheat flour exports to Jamaica prevented market development for these commodities.

Future Title I agreements should be more "coherent" than those in Jamaica in 1975-1980. That is, where the problem is clearly definable in terms of economic stabilization and adjustment, the self-help measures and perhaps local currency allocations as well should be closely linked to those terms and not seek to address an unduly broad range of important, but less immediately relevant, development challenges. In these situations, the most important "self-help" measures are the economic policies implemented by the Government to promote stabilization and adjustment in the economy. Whether the amounts of food aid are large or small, the effectiveness of each dollar of food aid will depend crucially on the efficacy of these policies.

Where, however, a Title I program is not based on a structural balance of payments crisis, but is to serve more as a vehicle for contributing to longer term well-being and growth, then there should be a presumption that the self-help measures and the local currency used -- indeed, the entire agreement -- will be directed toward achieving progress in the recipient country's food sector. In short, there is no one model for a PL-480 Title I program. Jamaica's program appears to have been based on an attempt to blend two models.

The feeding-program components of the Title I program (a heritage from the time when only Title II aid was provided to Jamaica) for the period 1975-1980 were poorly designed and administered (with the possible exception of the urban school feeding program). Also, the USAID Mission did not adequately attend to them, in part because the program lacked the separate identity that Title II programs enjoy; they were instead minor components of a large Title I activity. The team found no evidence that the feeding program, which was not closely monitored or studied over time, had any discernible effect on school attendance, performance in school, or even on nutrition. We recommend phasing out support for these while encouraging the GOJ to assume increasing responsibility for them. This phase-out process could be accomplished in two stages: Jamaica could first use the counter part funds that have been generated and then, eventually, it could use its own budgetary resources to purchase local foodstuffs.

5. BANGLADESH FOOD AID: PL-480 TITLE I AND TITLE III

U.S. food aid to Bangladesh has evolved in three phases. The first phase (1972 to 1975) involved the provision of wheat, mainly for emergency relief purposes to avert famine. The second phase (1975 to 1980), while continuing to provide foodgrains to augment domestic supply, evolved to have a development emphasis, and in 1978 led to the first Title III Food for Development agreement. The purposes of this agreement were to promote domestic production, stabilize the consumer market, and contribute to the creation of a national foodgrain security system. The current third phase, entirely under Title III, builds on the development foundation established in phase two. It is designed to further encourage increases in production through a price support mechanism and improved market stability with greater private sector involvement.

The Bangladesh Title III program is unique. It has been directed exclusively toward macropolicy reforms and until fiscal year (FY) 1984 had no monitoring of project-level activities; that is, no program decisions were made for the use of local currency sales proceeds.{2}

The Title I/III food aid program, in concert with World Bank and other donor efforts, has achieved notable success in a number of important areas:

Essential food supplies were provided during critical periods.

Agricultural production has increased significantly, enhancing national food security and the country's economic stability.

Government food policy planning and management have been strengthened.

Food distribution has been improved through an open market sales system.

Subsidies have been reduced on food distributed through Government ration systems.

Private sector development has been promoted in foodgrain marketing and textile production.

Continuous effective coordination among thd donors on food policies and operational problems has supported and enhanced the impact of the U.S. food aid program. Bangladesh Government (BDG) commitment, policy reforms, and program management have been and continue to be critical to the success of the program.

Bangladesh now has a broad foodgrain pricing and distribution policy framework in place that has the support of the donor community. Differences exist with respect to the pace and level of Government activities, but a consensus exists that the basic policy focus is sound.

Weaknesses in the U.S. Food for Development program involve program execution more than policy differences. Difficulties of varying degrees have been encountered in the following areas:

Procurement prices to stimulate foodgrain production have not been fully effective because of delays in some cases in announcing them.

Small producers reportedly are not being effectively reached by the Government procurement program.

The open market sales system to moderate fluctuations in grain prices appeared by the fall of 1982 to be overcoming restrictions imposed by local bureaucracies.

Performance with respect to agreed-on self-help measures has been spotty.

Nutritional status of the rural poor, the overwhelming majority of the population, has deteriorated in absolute and relative terms despite foodgrain production gains as a result of high population growth.

Improvements could be made in these areas with greater attention to more of the microaspects of program implementation. This could include further refinement of policy initiatives or greater involvement in the programming of local currency proceeds, or a combination of both. Broadening or deepening the policy dialogue into other sectors important to development would be consistent with the approach the Mission has pursued so far.

An amendment to the 1982 agreement was in process during the evaluation and was subsequently executed on October 14, 1982. It will require quarterly joint U.S./BDG review and approval of projects funded from Title III proceeds to assure that adequate progress is being made as a condition for maintaining funding eligibility. This could have a marked impact on project performance, if used to encourage sounder planning and selection of higher quality projects.

Planning for the Bangladesh Title III program has been predicated on the country achieving foodgrain self-sufficiency in the near term, that is, sometime in the 1980s. This timeframe appears overoptimistic for achieving self-sufficiency in any meaningful sense, particularly in terms of an improvement in the population consumption/nutrition level. The Government and the Mission are to be commended for setting and working toward this demanding goal, but Washington policymakers should understand that the likelihood is that substantial food aid assistance to Bangladesh will continue to be required at least for another decade, to assure the success of the U.S. aid program.

Given that PL-480 Title III in Bangladesh aims to stimulate increased food production, contain rice and wheat price fluctuations through the open market sales system, and build up Government food stocks, it is less costly for the BDG to continue receiving food aid than to attempt to purchase a comparable quantity of foodgrain on the more costly commercial market with dollar aid.{3}

{2} UPDATE: In 1983 the Mission established a procedure that entailed project site visits to monitor progress. As yet no actions to intervene have been taken.

{3} See Paul Isenman and Hans Singer, "Food Aid: Disincentive Effects and Their Policy Implications," Economic Development and Change 25,2 (January 1977):205-237.

APPENDIX B

PL-480 TITLE I CONFERENCE AGENDA AND TOPIC OUTLINE

AGENDA{1}

United States Agency for International Development
Conference on PL-480 Title I
(April 5-8, 1983)
Sheraton International Conference Center
Reston, Virginia 22091

Tuesday, April 5

4:00-5:30 Participant Registration

5:30-6:30 Reception and Cocktails

6:30-7:30 Dinner

7:30-7:40 Conference Welcome
Richard Blue, PPC/E
M. Peter McPherson, A/AID

7:40-8:00 Charge to Conference Participants

8:00-8:15 Programming Opportunities in the 1980s
Julia Chang Bloch, AA/FVA

8:15-9:15 A Review of the Issues in Programming Food Aid
Edward Clay, University of Sussex

Reaction to the Review Barbara Huddleston, IFPRI

9:15-9:45 A View From the Hill Lew Gulick, House Committee on Foreign Affairs

9:45-10:00 Open Discussion
Moderator: Richard Blue, PPC/E

{1} The specific topic items on this agenda will be addressed by speaker(s) and/or panels. These topics are provided to stimulate thought and comment, and recommendations are welcome. Other related items may also be fruitfully raised. Further evidence and country-specific findings are requested on the topic discussed, based on participants' professional knowledge, judgment, and experience.

Wednesday, April 6

7:00-8:30 Breakfast

8:30-8:45 The Conference Format
Twig Johnson, PPC/E/S

8:45-9:30 The Impact of PL-480 Title I Part I: Lessons From AID and Other Experiences: Implications for Programming in the 1980s (Balance of payments, structural readjustments, program coordination with other donors, food aid dependency, distribution and equity, policy dialogue and/or leverage)
David Dunlop, Boston University

9:30-11:15 Small Group Discussion on Part I Issues

11:15-11:45 Coffee Break

11:45-1:00 Plenary Discussion and Reaction to Findings and Conclusions of Small Groups
Moderator: Richard Blue, PPC/E
Panel: Frank Kimball, A/AID
Donald McCelland, PPC/PDPR
Lee Twentyman, FVA/FFP

1:00-2:00 Lunch

2:00-2:30 The Impact of PL-480 Title I, Part II: Lessons From AID and Other Experience: Implications for Programming in the 1980s. (The production disincentive effect, food processing and marketing systems, nutrition and health, dietary patterns -- demand and the role of cultural practices) Harold Alderman, IFPRI David Franklin, Sigma One Corp.

2:30-4:00 Small Group Discussion on Part II Issues

4:00-4:30 Coffee Break

4:30-5:30 Plenary Discussion and Reaction to Findings and Conclusions of Small Groups
Moderator: Richard Blue, PPC/E
Panel: Charles Johnson, NE/DP
Ray Hopkins, Stanford University Food Research Institute
David Kunkel, FAS/USDA

5:30-7:30 Free Time and Dinner

7:30-8:30 Small Group Discussions on Topics Proposed by Participants

Thursday, April 7

7:00-8:30 Breakfast

8:30-9:30 How Can PL-480 Title I Programming Be Improved at the Country Level? (Improved programming of local currency sales proceeds, commodity mix, participating government institution strengthening, self-help agreements, linkages to other developmental assistance resources)
Leonard Yaeger, AA/S&T
Jim Ross or David Culver, FAS/USDA

9:30-11:30 Small Group Discussion on Above Issues

11:30-12:00 Coffee Break

12:00-1:00 Plenary Discussion and Reaction to Findings and Conclusions of Small Groups
Moderator: Twig Johnson, PPC/E/S
Panel: William Rhoads, FVA/FFP
Robert Maushammer, USAID/Peru
Jim Ross or David Culver, FAS/USDA

1:00-2:00 Lunch

2:00-3:30 How Can Title I Contribute to AID's Other Policy Objectives? (Policy leverage, private sector initiatives, recurrent costs, institutional development, food security, development stability and multiyear funding.)
Moderator: John Bolton, AA/PPC
Panel: Chuck Gladson, AA/FVA
Bradshaw Langmaid, AA/NE

3:30-3:45 Coffee Break

3:45-4:45 Small Group Discussion on Above Issues

4:45-5:15 Coffee Break

5:15-6:30 Plenary Discussion and Reaction to Small Group Findings, Conclusions, and Recommendations.
Moderator and Panel unchanged

6:30-7:00 Conference Evaluation

7:00-8:00 Dinner

8:00-9:00 Summary and Closing Remarks
Panel: Richard Blue, PPC/E
Julia Chang Bloch, AA/FVA

Friday, April 8{2}

7:00-8:30 Breakfast

8:30-10:30 Panel Discussion on Improving Title I Programming From Interagency Policy Perspectives (foreign policy [State], market development [USDA], U.S. budgetary considerations [OMB], economic and social development [AID])
Moderator: Barry Sidman, FVA/PPE Panel:

10:30-11:00 Coffee Break

11:00-1:00 Small Group Discussion: Suggestions for Interagency Coordination and Programming Improvements

1:00-2:00 Lunch

2:00-4:00 Plenary Discussion and Reaction to Small Group Discussions
Moderator and Panel unchanged

4:00-4:30 Summary and Closing Remarks
M. Peter McPherson, A/AID

{2} This session of the conference is limited to United States Government participants with Secret Clearance.

OUTLINE OF TOPICS TO BE COVERED DURING WORKSHOP SESSIONS

1. Macrolevel Impacts on Host Country (Wednesday a.m.)

   1.1 Balance of Payments
   1.2 Structural Adjustment
   1.3 Economic Development Policies
   1.4 Equitable Distribution of Food Resources

1.5 Food Self-Reliance
1.6 Other

2. Microlevel Impacts on Host Country (Wednesday p.m.)

2.1 Domestic Agricultural Productions and Consumer Prices
2.2 Consumer Prices and Fluctuations
2.3 Food Storage, Processing, Marketing, and Distribution
2.4 Dietary Patterns
2.5 Nutrition and Health Status
2.6 Other

3. Improving Country-Level Programming (Thursday a.m.)

3.1 Implementation of Self-Help Measures
3.2 Programming of Local Currency Sales Proceeds
3.3 Commodity Mix
3.4 Market Development
3.5 Institutional Strengthening
3.6 Integration of Title I With Other AID Assistance
3.7 Donor Coordination
3.8 Other

4. Integration With Other AID Policy Objectives (Thursday p.m.)

4.1 Policy Dialogue Between AID and Host Countries
4.2 Promotion of the Private Sector
4.3 Institutional Development
4.4 Food Security
4.5 Sustainability of Programs Financed by Local Currency Sales Proceeds
4.6 Other

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